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REGIONAL COOPERATION

Summary of the survey of economic and social developments in the ESCWA region, 1990

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INTRODUCTION

1. Owing primarily to various adverse effects of the Gulf crisis, the GDP of the Western Asian region 1/ contracted by more than 5 per cent in 1990, after having registered a 3.34 per cent growth rate in 1989. The increase in the output of the region in 1989 had reflected to a great extent the improvement in the performance of the mining sector (mainly crude oil and natural gas). Owing to the dominant weight of the oil sector in the GDP of the region, the level of economic activity remained largely subject to the changes in oil prices, which in 1989 increased by 17-20 per cent over the previous year. Higher oil revenues, coupled with various economic adjustment programmes and reform policies pursued by many countries in the region to cope with the recessionary conditions prevailing since 1983, accelerated the pace of economic activity. Furthermore, the end of hostilities between Iraq and Iran in 1988 contributed to the improvement of economic and social conditions in the region.

I. ECONOMIC PERFORMANCE PRIOR TO THE GULF CRISIS

2. Economic performance in the region varied from one group of countries to another.

A. Gulf Cooperating Council countries

3. Prior to the Gulf crisis, the Gulf Cooperating Council (GCC) countries enjoyed favourable economic conditions. The mining sector, which remains the most important one affecting economic activities, performed fairly well during the first seven months of 1990. Owing partly to the depleting oil reserves in major oil-producing countries, plans were designed in most GCC countries, particularly in Saudi Arabia, for an increase in the oil production capacity to meet the expected rise in demand. Oil revenues of the GCC countries during the period from January to July 1990 are estimated to have been $US 30 billion, generally maintaining the level attained during the same period in 1989, despite the decrease in oil prices. The increase in oil production more than compensated for the decline in the oil prices from $17.31 per barrel in 1989 to a monthly average of $15.04 per barrel in the second quarter of 1990.

4. The performance of non-oil sectors in GCC countries varied from one sector to another. Most non-oil sectors have recorded favourable growth rates, in spite of the prevailing recessionary conditions. Notwithstanding declining oil revenues since 1983, the GCC countries continued a policy of diversifying their economies with a view to reducing overwhelming dependence on the export of crude oil.

5. The manufacturing sector performed favourably in most GCC countries in 1989. It registered a growth rate of just 1 per cent in 1988 and is estimated to have grown by more than 10 per cent in 1989. Available data for 1990

(January-July) suggest that the manufacturing sector maintained its favourable condition. This is attributed to an increase in the output of petrochemical and fertilizer industries to meet the growing demand in international markets. The optimistic expectations concerning future demand for manufactured goods in GCC countries led to the development of plans for further expansion, particularly in the petrochemical and aluminium industries.

6. The condition of the construction sector, which until late in the 1980s had experienced a major setback, started improving in 1989 and 1990 (January-July). This is attributed to the fact that most of GCC countries, particularly Saudi Arabia, entered a new stage of economic and social development. High priority has been placed on the construction of large-scale industrial projects.

7. In the services sector, considered to be the brightest economic sector after the oil sector, growth has been steady during the past few years. Banking, which has been under pressure for several years owing to the overall contraction in economic activities in most GCC countries, performed well during 1989-1990. It benefited from the strong demand for oil as well as from the measures adopted to cope with the problems of bad debts and bankruptcies. Preliminary reports for the first half of 1990 suggest that commercial banks showed increasing profits, with rising deposits and better-than-expected demands for loans. The performance of the stock markets was encouraging during 1990 (January-July), reflecting the growing confidence of investors.

8. The trade sector improved in 1989, recording a growth rate of 2.1 per cent in 1989, following a decline of 17 per cent in 1988. Available data for 1990 (January-July) suggest that the trade sector continued its favourable performance, reflecting an overall economic improvement in GCC countries.

9. The above statistics indicate that the overall economic performance of the GCC countries, as a group, during the period January-July 1990, was favourable.

B. Countries with diversified economies

10. The economies of this group of countries are linked to those of the GCC countries by various channels which have developed and deepened during the past two decades. During the 1970s and early 1980s, a large labour-force movement from this group of countries to the major oil-exporting countries in the region (GCC countries and Iraq) took place. The remittances from their nationals working in the GCC countries and Iraq were a major source of foreign exchange for offsetting a persistent and widening trade deficit in several countries in the group.

11. The concessional flow of financial aid from the GCC countries to the countries with diversified economies and Yemen (the least developed country in the ESCWA region) represents a major source of foreign earnings.

12. The recessionary conditions which prevailed in most GCC countries during most of the 1980s led to a decline in the financial flows from those countries to the countries with diversified economies, thus aggravating the huge difficulties and economic imbalances of the latter, especially with regard to trade and payments deficits, budget deficits and a growing burden of external debt. To cope with these imbalances, various adjustment policy measures have been undertaken. Since the policy makers in these countries are aware of the possible negative impact of demand management policies on the growth and well-being of the disadvantaged groups in the short term, the implementation of economic adjustment programmes agreed upon with concerned international institutions has been gradual, taking into consideration the social dimensions, with a view to avoiding possible political or social unrest. Another important aspect of policy change is the privatization policy pursued by most countries in this group with a view to promoting the role of the private sector in the economy. In addition, measures have been taken to improve the management of the public sector, which is still dominant in most of these countries.

13. The combined GDP of this group of countries is estimated to have increased by 3 per cent in 1989. In sectoral terms, the mining sector, which declined in 1988 by around 8 per cent, is estimated to have increased by over 23 per cent. Iraq, being the major oil exporter in the group, recorded the highest increase in the mining sector. The performance of the manufacturing sector has also been favourable. It recorded a growth rate of 8 per cent in 1989 over 1988. The cease-fire between Iraq and Iran in 1988 made possible the revival of industrial projects that were planned for implementation during 1981-1985 but had been postponed as a result of the war.

14. The agricultural sector performed poorly in many countries of the group as a result of the 1989 drought which affected most of the countries, especially the Syrian Arab Republic and Joran. However, there are indications that the sector performed better in 1990. The services sector improved significantly in 1989 and during the first seven months of 1990. It is considered a major source of foreign exchange for many countries in the group. Even before the outbreak of the Gulf crisis in August 1990, most countries in the group were experiencing a slowdown in their economic activities. Economic imbalances were far from being generally reduced, despite the economic adjustment programmes adopted. The balance-of-payments position has been worsening, and unemployment has been increasing. Preliminary indications suggest that economic growth slowed in some countries of the group during the first half of 1990. The repercussions of the drop in oil prices have been prominent among the factors leading to the slowdown in economic activities.

C. Yemen

15. In Yemen, 2/ the least developed country in the ESCWA region, the scarcity of domestic financial and economic resources (apart from oil discovered in modest quantities in 1987) makes economic activities in the country highly dependent on external financial resources (worker's remittances, soft loans and grants), mainly from the GCC countries.

16. The contraction in economic activities in the GCC countries led to a sharp drop in the remittances of Yemeni expatriates working in those countries, thus adversely affecting economic conditions in Yemen. The country's modest oil revenues failed to compensate for the decline in remittances, which represented the major source of foreign exchange earnings for many years.

17. In response to this development, a series of policy measures was adopted to deal with the economic impact in the short and long run. High priority was accorded to the development and expansion of productive sectors in the economy, particularly mining and agriculture, with a view to promoting resource-based industries. The success of this policy would enhance the integration of the manufacturing sector in the economy and reduce the overwhelming dependence on imports. Yemen's overall economic performance, as measured by GDP, grew by 5 per cent in 1989, a rate still much lower than that of 1988. This is attributed to the flood which damaged large agricultural areas in the southern and eastern parts of the country (then Democratic Yemen) in 1989. Consequently, growth in the agricultural sector dropped by 4.7 per cent in 1989, and growth in the manufacturing sector slowed too. Partially available data suggest that both agricultural and manufacturing sectors performed better in 1990.

18. The mining sector is more promising. It continued its significant expansion in 1989 and in 1990 as a result of oil discoveries and oil exports and is expected to contribute towards reducing the overwhelming dependence of the Yemeni economy on external financial resources. It is noteworthy that during 1990 the Government of Yemen concluded several agreements with various oil companies for the purpose of exploring and exploiting oil resources in Yemen.

19. The reunification of the two parts of Yemen into one State (May 1990) created favourable economic and social conditions conducive to the acceleration of economic growth and development. Prior to the reunification, the Government of Democratic Yemen, which had been following a centrally planned economic system since the 1960s, had introduced a series of policy measures aimed at encouraging the private sector to play a greater role in the economy. A decision has been made to establish Aden as a free zone in order to encourage Yemeni and foreign private investment. As a result of the reunification, the privatization and the liberalization of the economy have accelerated. Despite the huge difficulties resulting from the reorganization of public administration and involving increases in public expenditure, the overall economic performance improved in the first half of 1990. The agricultural sector (including fisheries) in the southern and eastern

governorates (formerly Democratic Yemen) has expanded as a result of the relaxation of price controls on agricultural and fishery products. It is expected that the private sector will increase its investment in services, housing and manufacturing, given the incentives provided to that sector.

II. IMPACT OF THE GULF CRISIS ON ECONOMIC DEVELOPMENT

20. In addition to the catastrophic damage done to the enviroment in the Gulf area, the Gulf crisis has affected every aspect of economic and social life in Western Asia. The crisis broke out at a critical time in many countries of the region, aggravating fundamaental economic and social problems facing them.

21. The overall economic and social performance and prospects of the ESCWA countries have been adversely affected by the crisis, owing to the close link among the economies of the region which has developed and deepened during the past two decades. However, the impact of the crisis varies from one group of countries to anotner.

A. Gulf Cooperating Council countries

1. International oil markets

22. The Gulf crisis has four major effects on the international oil markets:

(a) The loss of Iraqi and Kuwaiti oil exports from the world market;

(b) Sharp fluctuations in oil prices;

(c) Decisions by other oil-exporting countries to increase production;

(d) Maintenance of unusually high levels of commercial and governmental stocks of oil.

23. The sudden cessation of Iraqi and Kuwaiti exports and the political uncertainties in the region initially increased oil prices to more than double their pre-crisis levels. Thereafter, world suppliers made up for most of the lost Iraqi and Kuwaiti exports. The increase in production from oil-exporting countries, especially from Saudi Arabia and the United Arab Emirates, coupled with the decrease in demand from OECD countries and the slowdown in economic growth, contributed to making the adjustment to the crisis reasonably smooth. The balance between world supply and demand held through the end of 1990.

24. To compensate for the sudden loss of Iraqi and Kuwaiti production, OPEC and non-OPEC countries with excess capacity started to increase production. At an ad hoc meeting in Vienna, held on 29 August 1990, OPEC agreed to allow member countries to raise oil production without restrictions, so that they could make up for the loss of Iraqi and Kuwaiti oil exports.

25. By November 1990, total oil production of the OPEC member countries amounted to 22.9 million barrels per day (b/d), thus exceeding their total production quota of 22.49 million b/d and only 0.6 million b/d below their total oil output in July. This difference was more than covered by increases in supply by non-OPEC oil-exporting countries such as Mexico, Norway, the United Kingdom and Oman. By December 1990, Saudi Arabia increased production by 3.2 million b/d over its July level, Venezuela by 400,000, the United Arab Emirates by 400,000, Iran by 365,000, Libyan Arab Jamahiriya by 245,000, and Nigeria by 210,000.

26. Although world oil production was generally in balance with world demand throughout the crisis, it has approached full capacity, notably in Saudi Arabia, the United Arab Emriates and Venezuela.

2. Oil prices

27. At the beginning of 1990, the crude spot prices averaged $19 per barrel - i.e., $US 1/barrel over the $18/barrel OPEC reference price. The increase in oil prices was mostly attributed to an increase in world demand and a decline in the production of non-OPEC members, especially the United States, the North Sea countries and the Soviet Union. These developments led to an increase in demand for OPEC oil and encouraged some member countries to increase production. However, the result of overproduction was a drop in oil prices to an average of $14/barrel by June 1990.

28. Following the eruption of the Gulf crisis, oil prices rose sharply. The average price of the basket of seven OPEC crudes increased from its $15.68 per barrel level, recorded in July 1990, to $24.89 per barrel in August and continued its rise through October, when it registered $35.58 per barrel, which was its highest monthly average in over nine years. When the shortage in supply caused by the unavailability of Kuwaiti and Iraqi oil was overcome, the average spot price of the OPEC basket of seven crudes fell in November 1990 to $31.04 per barrel and in December 1990 to $26.17 per barrel. For 1990 as a whole, the average spot price of OPEC basket of seven crudes was $22.17 per barrel, a 28.1 per cent increase over its $17.31 per barrel level registered in 1989.

29. The oil sector in the GCC countries has benefited from high oil prices. In 1990, the GCC countries, with the exception of Kuwait, enjoyed higher oil revenues. Total revenues increased by 21.4 per cent, to $61 billion in 1990, as a result of higher prices and increases in production. However, the crisis led to an increase in expenditures related to the Gulf crisis. Saudi Arabia, for instance, which enjoyed a higher rise in oil revenues, was forced to increase government spending. It is estimated that Saudi Arabia's oil revenues increased by about $10 billion during the last five months of 1990. However, there were indications that the expenses related to the crisis were larger than the additional revenues.

3. Non-oil sectors

30. The Gulf crisis has radically altered the general economic environment and development prospects in the GCC countries. The optimism that was prevalent in the non-oil sectors prior to the Gulf crisis was replaced by uncertainty and a loss of confidence. Various planned industrial and construction projects were postponed. Owing to the higher prices of imports (mostly caused by higher war-risk insurance premiums), the reluctance of commercial banks to provide credit lines, the departure of expatriates and arising uncertainty associated with a politically unstable environment, trade activities were curtailed.

31. The most obvious negative impact of the Gulf crisis on the region's banking sector in 1990 was the large reduction in private bank deposits and the transfer of those deposits to safe havens abroad ("capital flight"). Despite the generally positive actions taken by the authorities in the GCC countries, many international banks rapidly withdrew from the Gulf region.

B. More diversified economies and Yemen

32. The economies of these countries were seriously hit by the developments following the Gulf crisis during the second half of 1990. The crisis put severe constraints on economic growth and development by aggravating the already persisting external and internal economic imbalances. The crisis also disrupted economic relations among the countries of the region. The immediate effects were seen in the displacement of a large number of nationals from Egypt, Jordan, Lebanon and Yemen, working in the GCC countries and Iraq, the disruption of trade flows, the loss of worker's remittances, and the decline in export earnings and financial assistance.

1. Employment and remittances

33. Yeman and the countries with diversified economies are the most populated countries in the ESCWA region. A number of them enjoy a reasonably developed institutional and human infrastructure, enabling them to be exporters of skilled and unskilled labour to the GCC countries and Iraq (the latter being a net importer of labour since mid 1970).

34. The economic boom in major oil-exporting countries of the region during the 1970s and early 1980s attracted millions of workers from the rest of the region. It is estimated that in the mid 1980s the number of migrant workers from the non-GCC countries to the GCC countries and Iraq was around 3 million. However, by the mid 1980s, the demand in GCC countries for expatriate labour started to decline as a result of the recessionary conditions prevailing since 1983. This coincided with the completion of several major infrastructural projects. The drop in migration to GCC countries, coupled with the increase in returning migrants to their countries of origin led to a decrease in worker's remittances and an increase in unemployment in the labour-supplying ESCWA countries. Moreover, the end of

the war between Iraq and Iran in 1988 reduced the Iraqi demand for expatriate workers. Egyptians constituted the greatest portion of migrant workers in Iraq. It is estimated that the number of migrant workers from Egypt in Iraq declined from 1.8 million to 900,000 in 1990.

35. The eruption of the Gulf crisis forced hundreds of thousands of migrant workers to leave the GCC countries and Iraq, leaving behind their savings and properties and adding a further burden to the already recessive economies of their home countries, which have been trying hard to reabsorb them into their weakened economies. The ESCWA countries that received the largest number of returnees were Egypt (700,000), Jordan (220,000), Lebanon (60,000), the Syrian Arab Republic (170,000) and Yemen (800,000).

36. The Jordaninan returnees from the Gulf, mostly from Kuwait, are estimated at 220,000. Given that Jordan's population was estimated at 3.2 million in 1990, the returnees have caused a sudden 6.9 per cent rise in the country's population and an increase in the unemployment rate from 16 per cent prior to the Gulf crisis to over 30 per cent. The Jordanian Government faces the task not only of providing essential basic services for returning Jordanians but also of providing for their reintegration into an economy that was already contracting. According to Yemeni officials, 30,000 Yemenis returned through Jordan, and an additional 850,000 suddenly returned from Saudi Arabia. The impact of their return has been overwhelming; it amounts to an abrupt 9 per cent increase in population and about 15 per cent of the labour force. Moreover, a large portion of the returnees have lived abroad for many years and had few links back in Yemen. This has added to the difficulty of reintegrating them into the economy and society. As indicated above, workers' remittances had been a major source of foreign exchange for ESCWA labour-supplying countries. For Yemen, the remittances were a means of offsetting the country's persistent and large trade deficits. It is estimated that remittances accounted for over 40 per cent of Yemen's total foreign exchange earnings.

2. Trade and other services

37. The GCC countries and Iraq have been major markets for the exports of goods and services produced in many countries of the region. The Gulf crisis disrupted economic and trade relations among the countries of the region. The embargo imposed on Iraq and Kuwait, following the eruption of the crisis, resulted in the loss of two important export markets, particularly for Jordan and Lebanon. Moreover, unfavourable political and economic conditions created by the crisis weakened the demand in the GCC countries for goods and services produced in other countries in the region, especially Jordan and Lebanon. Tourism, which also represents a major source of foreign exchange for many countries in the region, especially Egypt and Jordan, was also severely hit by the crisis.

3. Flow of external financial resources

38. The flow of external financial resources, especially from the GCC countries (and to a lesser extent from Iraq) to other ESCWA countries, has helped finance trade and budget deficits in those countries and contributed significantly to the investment activities in various sectors of their economies. The decline in the financial flows to those countries during the second half of the 1980s forced them to rely heavily on external borrowing to compensate for the decline.

39. The external debt of the heavily indebted countries in the region, such as Egypt, Jordan and Yemen, has become an obstacle to growth and development and is threatening to jeopardize existing levels of consumption and investment. The external debt of the region is estimated to be over $150 billion in 1989. In Jordan, the external debt as a ratio of GDP exceeds 100 per cent, and in Egypt, it is considered close to that. The economic and political developments arising from the Gulf crisis will aggravate the existing debt problems of several countries in the region - in particular, those of Jordan, Iraq and Yemen. The existing debt problems of both Egypt and the Syrian Arab Republic have been softened by the release of their debt to the GCC countries and the significant financial aid received by them following the Gulf crisis. Furthermore, Egypt has been released of its military debt to the United States, estimated at $6.7 billion; its financial losses caused by the Gulf crisis are thus significantly reduced, especially those involving workers' remittances, tourism and Suez Canal dues.

4. Adjustment policies and reforms

40. To cope with the economic imbalances persistent in several countries of the region, Governments have been pursuing adjustment and economic reforms. Jordan, which started to experience an economic slowdown in 1983, mainly as a result of the recessionary conditions in most GCC countries, tried to deal with the imbalances within the framework of a five-year development plan (1986-1990). However, the assumptions made in the plan did not materialize, and the economic situation deteriorated rapidly during 1986-1987. Consequently, an economic adjustment programme was formulated in cooperation with IMF and the World Bank, covering 1989-1993. The Government adopted proper policies for the implementation of the adjustment programme. Limited success has been attained in coping with the trade deficit, external debt, budget deficit and stability of the Dinar exchange rate. Imports dropped by 22 per cent, while exports increased by 9 per cent in 1989 over 1988. External debt service was rescheduled, and the budget deficit reduced from $166 million to $104 million. In Egypt, the Government continued its adjustment policies, and further austerity measures were implemented, including a reduction in subsidies and other public expenditures.

41. The Gulf crisis has compounded the already existing difficulties and problems associated with adjustment policies. Moreover, it has created additional problems, resulting in a widening of trade and budget deficits and an increase in unemployment. These problems will increase the social cost of implementing adjustment policies and programmes.

III. IMPACT OF THE GULF CRISIS ON SOCIAL DEVELOPMENT

42. Several Arab conferences and Pan-Arab instruments in the field of social development have adopted a concept of social welfare in which "welfare" connotes care for the needy and is oriented towards dealing with the negative consequences of the process of social change and towards specific groups, such as youth, women, disabled persons, the elderly, juvenile delinquents, displaced persons and refugees, drug addicts etc.

43. Furthermore, the International Development Strategy for the Third United Nations Development Decade calls for the promotion of human and social development, with the reduction and elimination of poverty and a fair distribution of the benefits of development. It also demands that groups such as women, youth and children and areas such as depressed rural areas be given special attention.

A. Major issues

44. Owing to the Gulf crisis, the social conditions in most countries of the ESCWA region had undergone profound changes whose negative effects are expected to last for a long time. The changes in social conditions are expected to be sweeping and far-reaching, affecting all countries of the region, irrespective of their level of economic development or social system. Moreover, the changes are expected to affect all segments of the population, with much greater negative impact on vulnerable groups such as youth, women, the elderly, the disabled, delinquents, and displaced persons and refugees.

45. The Gulf crisis has added additional social problems to the already existing ones, especially with regard to the forced migration of large numbers of people as a result of the wars and political disturbances that took place in the region prior to the crisis. Thus, the severe socio-economic difficulties emanating from the crisis are expected to intensify the negative effects of the deteriorating social conditions in various countries of the region, particularly with regard to mass poverty, unemployment, sharp contrasts in living standards, prevalence of internal violence and social conflicts, weakened family ties and cohesion, juvenile delinquency, increasing numbers of refugees and displaced persons, and the rising disruptive and self-damaging modes of behaviour that are socially and morally unacceptable to all societies in the ESCWA member States.

46. With the worsening of social conditions in the ESCWA region, many member States will be forced to expend additional resources to cope with the rising

negative effects and social barriers resulting from the crisis. Such a situation will necessitate the design, development and implementation of adequate measures by the concerned member States to handle some of the pressing requirements of the new, emerging social conditions.

B. Selected issues in the near future

1. Disabled persons and refugees

47. The political and socio-economic developments following the Gulf crisis have forced a large number of people to leave, suddenly and unexpectedly, their places of work and residences in the host countries and return to their home countries. Such movements have increased the rate of unemployment and will make any of the displaced persons and refugees more vulnerable to social misbehaviour and deviance from standards of social behaviour which is accepted by the societies in which they live. The tendency for social deviance and misbehaviour is expected to be greater among young persons who lost their sources of income and have been unable to find new sources. Such a situation, if allowed to continue without corrective measures, will no doubt lead to more political and socio-economic disturbances in the concerned countries.

2. Disabled persons

48. The ESCWA region, even prior to the Gulf crisis, was facing an acute problem with regard to the rate and types of disability caused by the prolonged conflicts in some countries of the region, especially by the civil war in Lebanon, the Iran/Iraq war and the repeated confrontations between the Israeli authorities and the Palestinian people. (The range is estimated to be 10 per cent of total population.)

49. The Gulf crisis will place additional constraints on the existing limited resources available to deal with this important issue, which has been further aggravated and intensified as a result of the lack of effective measures to integrate disabled persons into the social and economic life of their respective societies.

3. Crime prevention and drug abuse control

50. In recent years, the rapid growth of crime and rising incidents of drug abuse have become serious and pressing problems facing several countries of the ESCWA region.

51. The lack of regular and productive work, the erosion of social values due to rapid urbanization and modernization, changes in the nature and structure of the family and the absence of familial social support systems created as a result of forced migration and displacement of persons - all of these factors lead to an increased level of crime and drug abuse in the ESCWA region.

52. In addition, the worsening economic situation, coupled with the prolonged armed conflicts in the region, may contribute to encouraging young unemployed persons to obtain illegal arms and drugs and thus aggravate the already existing serious problems relating to violence and drug abuse.

53. In view of the above-mentioned social constraints, it is strongly recommended that effective preventive measures be seriously considered by the relevant institutions with a view to designing comprehensive programmes and strategies for the control and prevention of drug abuse and the treatment of offenders.

4. Women, youth and the elderly

54. The youth population in the ESCWA region is estimated to be around 20 million, with the highest percentage (23 per cent) in Jordan and the lowest percentage (10 per cent) in the United Arab Emirates. The expansion of urban societies, prolonged armed conflicts in the region, and increased living costs in some countries have forced women to seek employment and contribute to the income of the household.

55. However, due to the recent Gulf crisis, it is estimated that thousands of families lost their source of income from heads of families. Such a situation will lead to additional burdens on women, who will be forced to seek sources of income outside the home in addition to carrying out their traditional household duties, including the care of children. The prevailing severe economic conditions in some countries of the region and the scarcity of job opportunities will force some women to behave in a manner that may be socially unacceptable in their societies. Therefore, there is urgent need to design and develop new policies and programmes to cope with the conditions emerging from the current crisis.

56. Although the age structure of countries of the ESCWA region is young (the percentage of the elderly 60 years and older is about 5 per cent), the dominance of the single female elderly population (widows) in most countries of the region will affect the pattern of family support, bread-winning and care, since such women are most likely to be financially dependent. In the past, the countries of the region have been heavily dependent on the family for the care of the elderly.

57. Although the concept of family support of the elderly is still a characteristic feature in the region, the complexities of life, forced migration and displacement of families, urbanization and modernization have to a great extent detracted from family solidarity and created additional burdens for a large number of families.

58. The need for social services for the elderly and the coverage of that need by both the public and private social service networks will increase. New policies in the field of aging, such as flexible retirement schemes, vocational training and income security schemes, should be fully explored and utilized.

59. Finally, the active participation of voluntary organizations in the care of the elderly should be promoted, together with efforts at conserving essential family services.

Notes

1/ There are three types of countries in the region: oil-dependent Gulf Cooperating Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates); countries with diversified economies (Egypt, Iraq, Jordan, Lebanon and Syrian Arab Rebublic); and the least developed country in the region (Yemen).

2/ On 22 May 1990 the Yemen Arab Republic and the People's Democratic Republic of Yemen, the least developed countries in the ESCWA region, merged to form a single sovereign State called the Republic of Yemen.